



Idaho Legislative Services Office
Legislative Audits Division

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90-DAY FOLLOW-UP REPORT

STATE OF IDAHO – FY 2009 SINGLE AUDIT REPORT

On April 10, 2010, the Legislative Services Office released the federally required Single Audit Report for fiscal year 2009. State agencies with findings in this report were contacted in July 2010, and the following describes how each agency has responded to the recommendations.

BLIND AND VISUALLY IMPAIRED, IDAHO COMMISSION FOR THE

FINDING 2009F-1

The Schedule of Federal Expenditures is not supported by the accounting records.

We recommended that the ICBVI properly record and document the amounts reported on the SEFA and retain these documents as required by federal regulations.

AUDIT FOLLOW-UP

The Commission has properly reported the amounts for fiscal year 2010, based on available worksheets, which were reconciled to the statewide "STARS" accounting system reports.

STATUS – CLOSED

FINDING 2009F-2

The approved indirect cost allocation plan is still not followed and includes direct costs in error.

We recommended that the ICBVI follow the federally approved cost allocation plan and properly distribute administrative costs. We also recommended that the ICBVI remove direct costs from the allocation process to restore the integrity of the plan.

AUDIT FOLLOW-UP

The Commission is working with the federal grantor to develop an adequate approved Cost Allocation Plan. Currently, the CAP has been submitted, and the Commission is awaiting approval.

STATUS – OPEN

FINDING 2009F-3

Federal funds are not requested within the time frames established in federal requirements.

We recommended that the ICBVI request federal funds in accordance with the CMIA requirements.

AUDIT FOLLOW-UP

The Commission has developed a method to comply with the CMIA to follow required timing of federal draws.

STATUS – CLOSED

FISH AND GAME, IDAHO DEPARTMENT OF**FINDING 2009F-4**

Errors occurred in federal expenditure reports and reimbursement requests due to internal control weaknesses.

We recommended that the Department enhance internal control procedures to ensure that federal expenditure reports and reimbursement requests are accurate. These enhancements should include procedures to test the accuracy of queries used to create reports and reimbursement requests and retain these for audit, and procedures to delegate the review process when the primary staff member is absent.

AUDIT FOLLOW-UP

The Department has enhanced internal controls by implementing procedures to verify the accuracy of queries used to create reports and reimbursement requests, and evidence of this review is now retained for audit purposes. When the primary reviewer is absent, procedures to delegate this review have been established. The Department has also reviewed, corrected, and resubmitted reports and reimbursement requests that were shown to be in error from the audit.

STATUS – CLOSED

HEALTH AND WELFARE, IDAHO DEPARTMENT OF**FINDING 2009F-5**

Costs of \$5.2 million claimed as "Maintenance of Effort" for the TANF grant are not qualifying expenditures.

We recommended that the Department claim only qualified expenditures as MOE in accordance with the Temporary Assistance to Needy Families (TANF) grant program and federal regulations. We also recommended that the Department contact the federal grantor to resolve the amount of unqualified State MOE expenditures.

AUDIT FOLLOW-UP

The Department disagreed with this finding and continues to assert that the expenditures claimed qualify as MOE. However, the Department agreed that some costs were erroneously categorized, and there were errors with the ACF-204 MOE report. The Department is currently working to calculate the number of participants served with MOE funds and plans to amend the ACF-204 report when the data becomes available. This issue remains open, pending the resolution on the questioned expenditures from the federal grantor.

STATUS – OPEN

FINDING 2009F-6

Indirect costs of \$1.6 million are improperly allocated to the TANF grant.

We recommended that the Department continue efforts to resolve the cost allocation issues and comply with *OMB Circular A-87* cost requirements. We further recommended that the Department contact the federal grantor to resolve all questioned cost amounts.

AUDIT FOLLOW-UP

The Department continues to provide training to random moment time study (RMTS) participants and has submitted an amended cost allocation plan that has not been approved by the federal grantor yet. The Department continues to work with the federal grantor to resolve the questioned costs.

STATUS – OPEN

FINDING 2009F-7

Training costs of \$700,000 charged to TANF are not supported by an appropriate allocation methodology.

We recommended that the Department continue the efforts to resolve the cost allocation issues related to training costs charged to the TANF grant and comply with *OMB Circular A-87*. We further recommended that the Department contact the federal grantor to resolve all questioned cost amounts.

AUDIT FOLLOW-UP

The Department agreed with this finding, and uses a new billing methodology that incorporated the cost allocation plan and RMTS discussed in finding 2009F-6, which has not been approved by the federal grantor. The Department is prepared to adjust training costs if necessary, when the federal grantor's concerns with the new cost allocation plan are resolved. The Department continues to work with the federal grantor to resolve the questions costs.

STATUS – OPEN

FINDING 2009F-8

Child support costs of over \$400,000 were improperly charged to the TANF grant.

We recommended that the Department revise the method used to allocate costs for child support services to the TANF grant to comply with grant requirements and federal regulations. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

AUDIT FOLLOW-UP

The Department disagreed with this finding referencing the cost allocation plan that was approved by the federal grantor. The Department utilizes this cost allocation plan to allocate "receipting services only" (RSO) costs to the TANF grant, which are questioned costs. This issue remains open, pending the resolution from the federal grantor.

STATUS – OPEN

LABOR, IDAHO DEPARTMENT OF

FINDING 2009F-9

Financial reports submitted to the federal government are not supported by the accounting records.

We recommended that the Department properly support the financial reports submitted to the federal government by reconciling the data to the financial accounting system. In addition, efforts should be taken to coordinate the data in the accounting system and other record keeping systems used to develop federal financial reports.

AUDIT FOLLOW-UP

The Department has made significant progress in improving the validity of information included in the ETA 227 report. We reviewed parts of the data that supports the June 2010 ETA 227 report and in all cases were able to trace amounts reported to the Department records.

STATUS – CLOSED

VOCATIONAL REHABILITATION, IDAHO DEPARTMENT OF

FINDING 2009F-10

State matching funds were improperly reported, which reduced reimbursements by nearly \$475,000.

We recommended that the IDVR strengthen the review process for calculating and reporting grant costs to ensure that State match is properly reported and all federal reimbursements are collected. We also recommended that IDVR contact the federal grantor to determine whether the errors in FY 09 can be corrected and federal reimbursement of costs can be received.

AUDIT FOLLOW-UP

IDVR updated its processes and controls to ensure State match is properly reported and all federal reimbursements are collected. IDVR stated it has contacted the federal grantor and collected all allowable grant funds.

STATUS – CLOSED

FINDING 2009F-11

The indirect rate used to charge administrative costs to federal grants was not properly supported.

We recommend that IDVR properly support the indirect rates used to charge administrative costs to federal grants by developing and documenting the processes and calculations in accordance with federal regulations.

AUDIT FOLLOW-UP

IDVR has updated its indirect rate information and has approved indirect rates for State fiscal years 2010 and 2011 and the required support documentation. IDVR provided copies of the approved rates, as well as documentation that supported the calculations that make up those rates.

STATUS – CLOSED